Message Text

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INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 CEA-01 COME-00 EB-08 FRB-03 STR-05 TRSE-00 LAB-04 SIL-01 OMB-01 ITC-01 MCE-00 ACDA-07 /108 W

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FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 5196

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY DUBLIN

USMISSION GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OSLO

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION NATO

CONFIDENTIAL COPENHAGEN 5717

E.O.: 11652: GDS

TAGS: EEC, ETRD, EIND, MMOL, MASS, NATO, PFOR, DA

SUBJ: EC TARRIFF ON F-16 AND OTHER MILITARY COMPONENTS

REF: BRUSSELS 12285

1. MFA PERMANENT UNDER SECRETARY EIGIL JORGENSEN TOLD THE AMBASSADOR SEPTEMBER 22 THAT UPON THE REQUEST OF DEFENSE MINISTER ORLA MOLLER HE HAD JUST INSTRUCTED THE FOREIGN MINISTRY'S LEGAL AND TARIFF EXPERTS TO EXPLORE IN DEPTH THE MATTER OF EXEMPTING IMPORTED F-16 COMPONENTS FROM DUTIES. JORGENSEN GENERALLY EXPLAINED THE CASE ALONG THE LINES OF CONFIDENTIAL

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REFTEL BUT CLEARLY INDICATED THAT DENMARK WAS NOT YET RESIGNED TO THE COMMISSION'S POSITION THAT MEMBER STATES CANNOT UNILATERALLY EXEMPT IMPORTED COMPONENTS OF MILITARY PRODUCTS FROM EC TARIFFS. JORGENSEN THOUGHT THAT IF THIS MATTER WERE TAKEN TO THE EUROPEAN COURT OF JUSTICE, THE COURT WOULD NOT SUSTAIN THE COMMISSION'S DECISION. HENCE AS FAR AS THE DANES ARE CONCERNED, THIS MATTER IS NOT CLOSED.

- 2. THE DANES' DETERMINATION TO PURSUE THE F-16 TARIFF MATTER, AS EVIDENCED IN JORGENSEN'S REMARKS, CONTRASTS MARKEDLY WITH ORLA MOLLER'S RECENT PUBLIC POSTURE ON THE ISSUE. IN TV AND NEWSPAPER STATEMENTS, MOLLER LEFT THE IMPRESSION THAT THE DANES, WHILE SUPPORTING A BELGIAN INITIATIVE AGAINST DUTIES ON F-16 IMPORTS, WERE RELATIVELY UNCONCERNED ABOUT ITS OUTCOME. HE ACCURATELY NOTED THAT DENMARK LONG AGO RECOGNIZED THAT DUTIES MIGHT HAVE TO BE PAID AND THAT THE GOVERNMENT HAD INCLUDED AN EXPENDITURE FOR THIS PURPOSE IN ITS ORIGINAL BUDGET REQUEST FOR THE AIRPLANE. MOLLER WAS QUOTED AS SAYING THAT THE DUTIES COULD NOT BE A SUPRISE TO ANY DANISH POLITICIAN WHO PARTICIPATED IN THE F-16 PURCHASE DECISION OR WHO HAD KNOWLEDGE OF EEC RULES.
- 3. COMMENT: ORLA MOLLER'S SEEMINGLY CONTRADICTORY BEHAVIOR WITH RESPECT TO F-16 TARIFFS IS EXPLAINED ON THE ONE HAND BY HIS DESIRE TO MUTE THE PUBLIC CRITICISM OF THE F-16 PROGRAM THAT HAS SURFACED REPEATEDLY IN RECENT MONTHS, AND ON THE OTHER, HIS DESIRE TO EXPLORE FULLY THE POSSIBILITY FOR TRIMMING F-16 COSTS THAT TARIFF ELIMINATION WOULD PROVIDE. DEAN

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